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<http://www.dmas.state.va.us>

MEDICAID MEMO

TO: All Prescribing Providers and Pharmacists Participating in the Virginia Medical Assistance Programs and MCOs

FROM: Gregg A. Pane, MD, MPA, Director
Department of Medical Assistance Services

MEMO: Special

DATE: 6/1/2011

SUBJECT: Changes to the estimated acquisition cost (EAC) for single source, innovator drugs, elimination of the unit dose add-on fee, clarification of pharmacy coverage for active pharmaceutical ingredients (APIs), modifications to the Virginia Medicaid Preferred Drug List (PDL), new service authorization (SA) requirement for Synagis®, placement of Synagis® in the DMAS specialty maximum allowable cost (SMAC) program, and notification to pharmacies about the coverage of smoking cessation counseling for pregnant women

The purpose of this memorandum is to inform providers about changes made to the Virginia Medicaid pharmacy program, effective July 1, 2011. The Virginia General Assembly changed the estimated acquisition cost (EAC) for single source, innovator drugs from Average Wholesale Price (AWP) – 10.25% to AWP – 13.1%, and provided for the elimination of the add-on fee that eligible long term care pharmacies received for unit dose prescriptions provided to recipients in nursing facilities.

Additionally, DMAS will clarify pharmacy coverage for Active Pharmaceutical Ingredients (API), announce modifications to Virginia Medicaid's Preferred Drug List (PDL), discuss the new SA requirement for the drug Synagis® and the placement of Synagis® in the DMAS SMAC program. This memo also informs Medicaid enrolled pharmacists that they can provide smoking cessation counseling to pregnant members enrolled in the fee-for-service (FFS) Medicaid and FAMIS programs.

Change to the Estimated Acquisition Cost (EAC) for Single Source Innovator Drugs

As a result of actions by the 2011 General Assembly Appropriation Act, the estimated acquisition cost for single source innovator drugs will change from AWP minus 10.25% to AWP minus 13.1%. **This change only impacts the cost of prescription drugs under the DMAS fee-for-service program.** It does not impact the price paid for prescription drugs by DMAS' contracted Managed Care Organizations (MCOs).

The Elimination of the Unit Dose Add-On Dispensing Fee, Effective July 1, 2011

The 2011 General Assembly Appropriation Act also eliminated the add-on fee of \$5.00 given to pharmacies that provide unit dose prescriptions to recipients residing in nursing facilities. These changes are effective July 1, 2011.

Clarification of Coverage for Active Pharmaceutical Ingredients (API)

Section 1927(k)(2) of the Social Security Act requires a “covered outpatient drug” to be approved for safety and effectiveness as a prescription drug under section 505 or 507 of the Federal Food, Drug, and Cosmetic Act. Under this definition, active pharmaceutical ingredients (APIs) and excipients used by pharmacists in extemporaneous compounding are not “covered outpatient drugs”; therefore, CMS will not allow these agents to be covered as a pharmacy benefit.

DMAS will be implementing system changes to allow pharmacists to submit compounded drug claims through POS that are expected to be in place in the fall of 2011. However, DMAS will notify you of the actual implementation date in a later communication. Under this system, DMAS will cover selected non-rebateable active pharmaceutical ingredients and excipients used in compounded prescriptions under the following conditions:

1. a commercially available product is not a therapeutic option for the patient, or
2. a commercially available product does not exist in the same combination of active ingredients in the same strengths as the compounded prescription, or
3. a commercially available product cannot be used in place of the active pharmaceutical ingredients in the compounded prescription.

Pharmacists should submit claims for compounded products electronically using the POS program in the same manner they submitted compounded claims prior to January 2011. Additionally, compounded drug claims can be submitted to DMAS on paper using the Pharmacy Compound Prescription Claim Form, DMAS-174. Instructions for completing the Pharmacy Compound Prescription Claim Form can be found in Chapter 5 of the Pharmacy Provider Manual.

Preferred Drug List (PDL) Updates — Effective July 1, 2011

The PDL is a list of preferred drugs, by select therapeutic class, for which the Medicaid program allows payment without requiring service authorization (SA). *Please note that not all drug classes are subject to the Virginia Medicaid PDL.* **In the designated classes, drug products classified as non-preferred will be subject to SA.** In some instances, other additional clinical criteria may apply to a respective drug class which could result in the need for a SA.

The PDL program aims to provide clinically effective and safe drugs to its clients in a cost-effective manner. Your continued compliance and support of this program is critical to its success. The PDL is effective for the Medicaid, MEDALLION, FAMIS, and FAMIS Plus fee-for-service populations. The PDL **does not** apply to members enrolled in a Managed Care Organization.

The DMAS Pharmacy and Therapeutics (P&T) Committee recently conducted its annual review of the PDL Phase II drug classes. Specific drug additions within the following PDL categories are highlighted in yellow on the PDL. DMAS has reformatted the structure of the PDL to include both the preferred and non-preferred drugs in each therapeutic class as well as the criteria for SA. A copy of the revised PDL can be found at http://www.dmas.virginia.gov/pharm-pdl_program.htm or <https://www.virginiamedicaidpharmacyservices.com/>. In addition a faxed copy of the PDL can be obtained by contacting the Provider Synergies Clinical Call Center at 1-800-932-6648.

Changes were made to the following drug classes at the April 28th P&T Committee meeting:

- Analgesics, Non-Barbiturates

- Androgenic Agents
- Antibiotics, Topical
- Anti-Migraine Agents (formally Serotonin Receptor Agonists)
- Anticoagulants (formally Low Molecular Weight Heparin)
- Bone Resorption Suppression and Related Agents (formally Biphosphates and Calcitonins for Osteoporosis)
- Contraceptives (Oral)
- Cough and Cold (including narcotic and non-narcotic)
- Glaucoma Agents
- Hypoglycemics, TZD
- Multiple Sclerosis Agents
- Non-Steroidal Anti-Inflammatory Drugs
- Ophthalmics for Allergic Conjunctivitis
- Platelet Aggregation Inhibitors
- Skeletal Muscle Relaxants
- Smoking Cessation
- Stimulants and Related Agents

The revised PDL reflects all the changes that will become **effective on July 1, 2011**. Additional information and Provider Manual updates will be posted as necessary. Comments and questions regarding this program may be emailed to pdlinput@dmass.virginia.gov.

PDL Service Authorization (SA) Process

A message indicating that a drug requires a SA will be displayed at the point of sale (POS) when a non-preferred drug is dispensed. Pharmacists should contact the patient's prescribing provider to request that they initiate the SA process. Prescribers can initiate SA requests by letter; faxing to 1-800-932-6651; contacting the Provider Synergies Clinical Call Center at 1-800-932-6648 (available 24 hours a day, seven days a week); or by using the web-based service authorization process (Web SA) at virginiamedicaidpharmacyservices.com. Faxed and mailed SA requests will receive a response within 24 hours of receipt. SA requests can be mailed to:

Provider Synergies
ATTN: MAP Department/ VA Medicaid
4300 Cox Road
Glen Allen, Virginia 23060

A copy of the SA form is available online at http://www.dmass.virginia.gov/pharm-pdl_program.htm and <http://www.virginiamedicaidpharmacyservices.com>. The PDL criteria for SA purposes are also available on both websites.

Service Authorization Requirement for Synagis® and the Placement of Synagis® in the DMAS Specialty Maximum Allowable Cost (SMAC) Program Effective July 1, 2011

DMAS' Drug Utilization Review Board (DUR Board) recommended that DMAS require prescribing providers to submit a SA for the use of Synagis® based on the guidelines developed by the American Academy of Pediatrics. Synagis® was licensed in June 1998 by the United States Food and Drug Administration (FDA) for the prevention of serious lower respiratory tract disease caused by respiratory syncytial virus (RSV) in pediatric patients who are at increased risk of severe disease.

DMAS will require prescribing providers to complete a SA for the use of Synagis[®] effective July 1, 2011. Prescribing providers can initiate SA requests by contacting Provider Synergies and following the SA process described in the above paragraph. Synagis[®] SA criteria can also be found at viriniamedicaidpharmacyservices.com.

Coverage of Smoking Cessation Counseling for Pregnant Women

Effective July 1, 2011 pharmacists can bill DMAS for smoking cessation counseling to pregnant women enrolled in the FFS Medicaid and FAMIS programs. A complete description of the billing process and information on the smoking cessation counseling benefit can be found at the following link: <https://www.viriniamedicaid.dmas.virginia.gov/wps/portal>, under “Provider Services”/“Medicaid Memo to Providers”. This memorandum was published on November 24, 2010 and is entitled “Coverage of Tobacco Cessation Counseling for Pregnant Women.” Pharmacists will not be able to bill for these counseling services using the Point of Service (POS) but must bill for the counseling session using the process described in the above referenced memorandum.

Mobile Device Download for PDL Quicklist

There are two ways to download the PDL list to mobile devices. There is a link on the DMAS website (http://www.dmas.virginia.gov/pharm-pdl_program.htm) which enables providers to download the PDL Quicklist to their mobile device. This page will have complete directions for the download and HotSync operations.

ePocrates[®] users may also access Virginia Medicaid’s PDL through the ePocrates[®] formulary link at www.epocrates.com. ePocrates[®] is a leading drug information software application for handheld computers (PDAs) and desktop computers. For more information and product registration, please visit the ePocrates[®] website at www.epocrates.com. To download the Virginia Medicaid PDL via the ePocrates[®] website to your mobile device, please follow these steps:

1. Ensure that you have the most recent version of ePocrates Rx[®] installed on your mobile device.
2. Connect to the Internet and go to www.epocrates.com.
3. Click the “Add Formularies” link at the top of the page.
4. Log in to the website using your user name and password.
5. Select “Virginia” from the “Select State” menu.
6. Select “Virginia Medicaid-PDL” under “Available Formularies.”
7. Click on “Add to My List” and then click on “Done.”
8. Auto Update your mobile device to install the “Virginia Medicaid-PDL” to your mobile device.

For Members in DMAS Contracted Managed Care Organizations (MCOs)

Many Medicaid and FAMIS/FAMIS MOMS members are enrolled with one of the Department's contracted Managed Care Organizations (MCO). In order to be reimbursed for services provided to an MCO enrolled individual, providers must follow their respective contract with the MCO. The MCO may utilize different prior authorization, billing, and reimbursement guidelines than those described for Medicaid/FAMIS fee-for-service individuals. For more information, please contact the MCO directly. MCO contact information, including pharmacy service contacts, is available on the DMAS website at http://dmasva.dmas.virginia.gov/Content_atchs/mc/mc-guide_p2.pdf.

VIRGINIA MEDICAID WEB PORTAL

DMAS offers a web-based Internet option to access information regarding Medicaid or FAMIS member eligibility, claims status, check status, service limits, service authorizations, and electronic copies of remittance advices.

Providers must register through the Virginia Medicaid Web Portal in order to access this information. The Virginia Medicaid Web Portal can be accessed by going to: www.viriniamedicaid.dmas.virginia.gov. If you have any questions regarding the Virginia Medicaid Web Portal, please contact the ACS Web Portal Support Helpdesk, toll free, at 1-866-352-0496 from 8:00 A.M. to 5:00 P.M. Monday through Friday, except holidays. The MediCall audio response system provides similar information and can be accessed by calling 1-800-884-9730 or 1-800-772-9996. Both options are available at no cost to the provider.

ELIGIBILITY VENDORS

DMAS has contracts with the following eligibility verification vendors offering internet real-time, batch and/or integrated platforms. Eligibility details such as eligibility status, third party liability, and service limits for many service types and procedures are available. Contact information for each of the vendors is listed below.

Passport Health Communications, Inc. www.passporthealth.com sales@passporthealth.com Telephone: 1 (888) 661-5657	SIEMENS Medical Solutions – Health Services Foundation Enterprise Systems/HDX www.hdx.com Telephone: 1 (610) 219-2322	Emdeon www.emdeon.com Telephone: 1 (877) 363-3666
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“HELPLINE”

The “HELPLINE” is available to answer questions Monday through Friday from 8:00 a.m. to 5:00 p.m., except on holidays. The “HELPLINE” numbers are:

1-804-786-6273	Richmond area and out-of-state long distance
1-800-552-8627	All other areas (in-state, toll-free long distance)

Please remember that the “HELPLINE” is for provider use only. Please have your Medicaid Provider Identification Number available when you call.